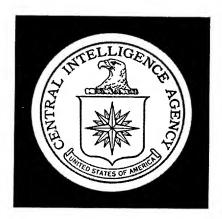
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Top Secret

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17 December 1966

Approved For Release 2003/04/18 : CIA-RDP79T00975A009500050001-1	A009500050001-1 25X1
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9.0		25X1
17 December	1966	•

Central Intelligence Bulletin

CONTENTS

1.	Vietnam: Current situation report. (Page 1)	
		25X1
3.	Communist China - USSR: Expulsion of Soviet correspondents a reaction to stepped-up propaganda attacks by Moscow. (Page 4)	
4.	Indonesia: Suharto being pressed to accelerate anti-Sukarno campaign. (Page 5)	
5.	Venezuela: Government pushing moves against Communist terrorists. (Page 6)	•
6.	Chile: Communists using strike to exploit discontent with government wage program. (Page 7)	
7.	Notes: USSR Berlin; Guinea; (Page 8)	25X1

Approved For Release 2003/04/18: CIA-RDP79T00975A009500050001-1



*Vietnam: (Information as of 4:30 AM EST)

The Military Situation in South Vietnam: Communist forces continue to avoid contact with large-scale allied operations now under way but are initiating relatively successful smaller scale actions.

On 15 December an estimated company of Viet Cong attacked a hamlet four miles northeast of Phan Thiet, the capital of Binh Thuan Province. Armored South Vietnamese Army elements dispatched to reinforce the defenders engaged in a four-hour firefight, sustaining casualties of nine killed, 36 wounded, and one captured. Viet Cong losses included six killed and one captured.

in Sep-	23/1
tember the Viet Cong disbanded their 86th Main Force	
Battalion and reassigned its members to various district	
units in an effort to strengthen the local forces. This	
is the first report of the disbanding and down-	
grading of a main force unit for such a purpose, although	_
there have recently been a number of	25X1
reports that similar steps are being taken in other areas	
north of Saigon.	
This activity is undoubtedly being undertaken on a	
selective basis, and does not signify a decision by the	
Communists to give up their large-scale military capa-	
bilities. For example,	25X1
the North Vietnamese 18 "B" Regiment had deployed	
to northeastern Khanh Hoa Province in preparation for a	
"dry season" offensive.	25X1
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17 Dec 66

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Communist China - USSR: China's expulsion of three Soviet correspondents is a reaction to increasingly sharp Soviet propaganda attacks.

The Chinese charged that the newsmen had been spreading "rumors and slanders" about the cultural revolution and declared that this could not be tolerated. Recent Russian pronouncements have included increasingly bitter personal attacks on "Mao and his clique," and Brezhnev reviewed the situation in the international Communist movement at a Soviet party central committee plenum this week.

Peking may also intend the move as a warning to foreign correspondents remaining in China that they must be more careful in reporting Red Guard activities. The Chinese have displayed some sensitivity to foreign press treatment of the "cultural revolution," but have not imposed censorship.

In order to parry possible charges that they are systematically cutting the remaining Sino-Soviet ties, the Chinese have pointed out that the expulsion order leaves three Soviet correspondents still in China--the same number that the Chinese have in the USSR.

Indonesia: General Suharto is under increasing pressure to accelerate the campaign against President Sukarno.

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Suharto's continued reluctance to move precipitately against Sukarno is dictated both by a desire to proceed along constitutional lines and by fear that support for Sukarno in Java is still so strong that his ouster would trigger a civil war there.

Although Suharto appears to have sanctioned a fresh round of press attacks and demonstrations against Sukarno to take advantage of the revelations of the trial of Omar Dani, he may continue to temporize on taking formal action against the President. A further complication in the situation is Sukarno's announcement that he is going abroad to take part in a "meeting of heads of state" sometime in the next three months. Press reports claim he will visit Egypt and Yugoslavia.

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17 Dec 66

<u>Venezuela</u>: The government is vigorously prosecuting its campaign against the dissident Communist terrorists.

By Thursday afternoon, police had processed about 1,000 persons from the Central University area. Some wanted persons have been arrested and some arms seized, but the military are convinced that a security leak permitted the evacuation of arms and the escape of terrorists.

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Vethencourt and Jovito Villalba, leader of the government coalition party, have both said that the government intends to take down the high chain-link fence around Central University. According to the US Embassy, the government apparently intends to end the privileged extraterritorial status of the university once and for all. Colonel Vethencourt said that a police unit headed by an inspector will be assigned permanently to the campus.

Vethencourt added that the military operation will not end in the near future. The military want to remain in control until they are assured that the university will never again be used as a sanctuary and that terrorist havens and strongholds in Caracas have been eliminated.

Reaction so far to the government's move has been generally favorable. Late reports indicate that Caracas remains calm.

Central University had been used as a base of operations for the terrorists. Military occupation of the university and the freedom of action granted the army by the suspension of constitutional guarantees will undoubtedly be severe blows to the Communists, but will not necessarily cripple them.

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17 Dec 66

Chile: The Communist Party of Chile is using the 12-day-old strike of public health workers to exploit general discontent with the government's wage adjustment program.

The Communists hope to start a nationwide strike against the government if the public health strike continues,

Widespread labor agitation could prevent passage of the government's wage adjustment bill now in congress and force the government to back down on its wage policy, thus endangering its entire program for stabilization and economic development.

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Chile's chronic inflation has especially hurt public health workers, who are at the low end of the government pay scale. There have been several clashes between strikers and police, and police have arrested about 20 strike leaders. The Federation of Medical Doctors of Chile has called a 48-hour sympathy strike, and other groups may follow suit.

Communist exploitation of the strike may indicate a new militancy on the part of the Communist-Socialist labor central (CUTCh). CUTCh has been attempting to counter the Christian Democratic Party's effort to overcome Communist-Socialist control of most of Chile's organized labor. Vigorous action by this organization would compound labor problems, as contracts come up for renewal in 1967 in the copper and other critical industries.

NOTES

USSR: Defense Minister Malinovsky is ill and in a hospital, according to a Soviet official, and may soon retire. Malinovsky, who is 68 and has held his post for nine years, has failed to appear at several important public occasions during the past three months. Should he retire, first deputy defense minister Marshal Grechko, who spoke for the armed forces at the party central committee plenum this week, appears to be

central committee plenum this week, appears to be the most likely successor.

Berlin: The West Berlin Senat will not interfere if the East Germans unilaterally offer holiday passes to West Berliners, according to a Senat spokesman. He indicated that the Senat would not be concerned should the East Germans require visitors to sign a statement personally "recognizing" the GDR.

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17 Dec 66

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Guinea: President Toure has again abruptly reversed his regime's posture by making friendly overtures to the US. In a meeting on 13 December with the entire personnel of the information ministry and some party leaders well known for their anti-US stance, he censured them for their recent behavior and ordered the information media to cease all attacks on the US. These orders appear to have effectively halted the anti-American campaign. On 14 December, Touré virtually apologized to the US ambassador for the attacks, claiming he had been misled by some of his advisers and "foreign powers."

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